

ILLINOIS COMMERCE COMMISSION

Verizon Ex. 1.0

1 **Q. Please state your name and business address.**

2 A. My name is Faye H. Raynor, and my business address is 600 Hidden Ridge, Irving,
3 Texas 75038.

4 **Q. By whom are you employed and in what capacity?**

5 A. I am employed by Verizon Communications, as Director – Regulatory Support in the
6 Wholesale Performance Assurance organization.

7 **Q. What are the responsibilities of your current position?**

8 A. In my current position, I represent Verizon in all state and federal proceedings related to
9 the development of Competitive Local Exchange Company (“CLEC”) Operations
10 Support Systems (“OSS”) Performance Measures and Standards for the former GTE
11 operating territories.

12 **Q. Please briefly summarize your educational background and business experience.**

13 A. I graduated from North Carolina State University in 1971 with a B.S. in Economics and
14 in 1979 with a Masters in Economics. I have been employed by Verizon (formerly GTE)
15 since June 1971 and have held numerous positions dealing with demand analysis,
16 forecasting, system development and management, product management, product sales
17 and support, and quality assurance. In early 1998, I was assigned to the project of
18 developing, for GTE, CLEC performance measures in support of the
19 Telecommunications Act of 1996. In September of 2000, I was named to my current
20 position at Verizon.

21 **Q. What is the purpose of your testimony today?**

22 A. I will address certain provisions of the Illinois Commerce Commission (the
23 "Commission") Staff's ("Staff") proposed Part 731 Rule. In addition, I will describe
24 Verizon's wholesale performance measures and standards including Verizon's current
25 Plan in effect today.

26 **Q. What is Verizon's position in this rulemaking?**

27 A. Verizon does not support Staff's proposed rule as currently written. Some of the
28 provisions set forth in Staff's proposed rule are administratively burdensome and
29 unnecessary. Verizon is providing quality wholesale service to CLECs. Verizon has an
30 existing Carrier-to-Carrier Performance Plan that the Commission has deemed acceptable
31 in a recent letter to the FCC (a copy of this letter is attached to my testimony as Exhibit
32 A*). In addition, for reasons outside Verizon's control, Verizon's service territory is not
33 experiencing the level of competitive entry that is taking place in other areas in the state.
34 Accordingly, Verizon's position is that its current plan should remain in effect in the
35 State of Illinois and the resulting rule should reflect this.

36 **Q. Does Verizon believe that the Staff's proposed wholesale service quality rule**
37 **balances the needs of purchasing carriers against the administrative burdens**
38 **imposed on the carriers providing wholesale services?**

39 A. No. Staff's rule imposes significant administrative burdens on Verizon without any
40 attendant benefits. As set forth in my testimony, and the testimony of Verizon witness
41 Louis Agro, there are more reasonable alternatives that satisfy Staff's concerns.

* This letter is available on the Commission's website.

42 **Q. Please comment on Staff Witness McClerren's statement; "It is not Staff's intent**
43 **that the considerable effort to develop those preexisting plans would be disregarded**
44 **or minimized in response to this rulemaking" (Staff Ex. 1.0 at 136).**

45 A. Verizon agrees that this statement should be a guiding directive for approval of a
46 preexisting plan. However, Mr. McClerren also states that the preexisting plans should
47 be used as "the starting point for Commission approval" (Staff Ex. 1.0 at 134), which I do
48 not agree with. If the preexisting plans are used for a starting point, then the considerable
49 effort would, indeed, be minimized. Verizon's existing plan, which was developed with
50 input from participating CLECs, should be deemed compliant with the resulting rule.

51 **Q. Does Verizon's existing plan satisfy the general plan requirements outlined in**
52 **Section 731.300?**

53 A Yes. As explained below, and in the Direct Testimony of Verizon witness Louis Agro,
54 Verizon's existing plan meets, or exceeds each of the requirements outlined in Staff's
55 proposed Section 731.300.

56 **Q. Please explain what led to the establishment of Verizon's existing plan**

57 A. In the Commission's Order in Docket No. 98-0866 regarding the merger of Bell Atlantic
58 and GTE (the predecessor companies of Verizon), Condition #2 explicitly required
59 Verizon to initiate a, "...collaborative process with the Commission and CLECs to tailor
60 GTE's proposed OSS measurement, reporting and incentive plan, as described in the
61 record, to Illinois' needs." As a result of the ordered condition, Verizon initiated
62 collaborative workshops with all interested CLECs and the ICC Staff on July 20, 2000.
63 Over a 6-month period several meetings and calls were conducted in a collaborative
64 workshop environment to determine if changes to Verizon's proposed measurement plan

were required. Verizon issued a letter on February 20, 2001 ('Final Report') to Staff and CLEC participants reflecting Verizon's resulting Carrier-to-Carrier Guidelines (including performance measures) ("C2C"), C2C - Associated-Activities, and Performance Assurance Plan ("Incentives"). The letter also contained Verizon's commitment to implement the C2C no later than November 20, 2001. Incentives, as discussed in Verizon witness Louis Agro's testimony, mirrors the FCC approved plan in the Bell Atlantic / GTE merger proceeding. Incentives for Illinois were implemented coincident with the FCC incentives in April 2001.

Q. Does Verizon's current C2C plan contain provisions to facilitate on-going reviews and independent audits of the performance measures?

A. Yes. The C2C described in the aforementioned Final Report and accompanying attachments specifies on-going annual reviews. In addition, Verizon's audit methodology sets forth a framework by which Illinois CLECs can participate in national audits of Verizon's performance measures. With this approach, the CLECs will benefit from activity in other states that may experience higher volumes or different types of activity that result from Verizon's national systems, processes and procedures.

Q. What is the status of both the C2C and Incentives today?

A. The C2C as documented in Verizon's Final Report was implemented for the October 2001 data month, and was reported on November 15, 2001. Those measures and standards continue to be reported today. As previously mentioned and elaborated on by Verizon witness Louis Agro, Incentives were implemented in April 2001, and continue to be reported today.

87 **Q. Please describe in more detail the origin of Verizon's C2C and its relationship to the**
88 **Incentives in effect today in Illinois.**

89 A. The performance measures and standards in Verizon's Illinois C2C were originally
90 developed in California collaborative sessions with Incumbent Local Exchange
91 Companies ("ILECs") and CLECs. These efforts began in 1998 and are continuing to
92 evolve today. Since the former GTE operating areas of Verizon utilize the same systems,
93 processes and procedures, it made sense (and was agreed to by Verizon collaborative
94 participants) to use the California measures and standards as a starting point for
95 discussion. The Incentive Plan was developed based on these same California measures
96 and standards. The Incentive Plan resulted in a subset of the California measures
97 covering the same functional areas of Pre-Ordering, Ordering, Provisioning,
98 Maintenance, Network Performance (including Trunk Blockage and Collocation), and
99 Billing.

100 **Q. Regarding Staff's proposed Section 731.200, do you agree with the requirement to**
101 **tariff the Wholesale Service Quality Plans in Illinois?**

102 A. No. The inclusion of a requirement to file tariffs covering the Wholesale Service Quality
103 Plans incorporates an unnecessary activity that increases the administrative burden and
104 renders any plan less flexible in dealing with changes in the marketplace. Verizon's
105 existing plan has a provision for periodic reviews. Any subsequent changes resulting
106 from these reviews or any other process would have to take place prior to any tariffing.
107 Placing the plan into tariffs would clearly be an additional, unnecessary action.
108 A more reasonable alternative to tariffing would be to require Level 1 carriers to submit
109 their plans to the Manager of the Telecommunications Division of the Staff every two

110 years, or whenever an amendment is made to the plan. This proposal is discussed in the
111 testimony of Verizon witness Louis Agro. Under this proposal, the Commission may
112 investigate a Level 1 carrier's plan if conditions warrant. I believe this proposal satisfies
113 all of the concerns that Staff expressed in their direct testimony. Verizon's proposal
114 maintains Commission oversight of the plans and also provides an incentive for Level 1
115 carriers to maintain the quality of their wholesale service.

116 **Q. Do you agree with Staff's reason for requiring tariffing of the Wholesale Service**
117 **Quality Plan as presented in Staff Witness Stewart's direct testimony?**

118 A. No. ~~While I am not an attorney and therefore cannot speak to the specifics of the Act as~~
119 ~~addressed in Staff Witness Stewart's testimony, I can offer a layperson's perspective.~~
120 ~~The sections cited by Ms. Stewart, including Sections 9-102 and 13-501(a), do, indeed,~~
121 ~~seem to require tariffs for activity that affect rates to be charged. Performance measures~~
122 ~~and standards, in my opinion, are not directly or indirectly related to rates that are~~
123 ~~charged. Indeed, the absence or presence of a Wholesale Service Quality Plan does not~~
124 ~~affect rates in any way.~~ >

125 **Q. Do you have any comments on Staff Witness Stewart's reference to Section 13-501**
126 **of the Public Utilities Act?**

127 A. ~~Yes. In my opinion, Witness Stewart's interpretation of Section 13-501 of the Act is an~~
128 ~~exaggeration of this section's intent.~~] Performance measures, in and of themselves, are
129 neither a product nor a service and as I previously stated, are not related to rates, or terms
130 and conditions in the provisioning of any product and service.

131 **Q. In what way would these additional tariffing requirements be burdensome?**

132 A. There should be a primary focus on developing a Wholesale Service Quality Assurance
133 Plan that is flexible and can react to the need for change in a timely fashion. As new
134 processes or procedures are brought on-line or new products and services are brought to
135 the market place, any unneeded tariffing requirement would only delay getting necessary
136 changes made to the performance measures. The effort should be on ensuring that a
137 flexible, self-effectuating plan is implemented and maintained.

138 **Q. Please comment on Staff's proposed Section 731.20(c), Waiver of Filing**
139 **Requirements.**

140 A. This proposed section allows a carrier to obtain a waiver from the filing requirements set
141 forth in Section 731.220. I believe that a waiver section is a step in the right direction.
142 Inclusion of this section indicates that Staff realizes the burdens that the proposed rule
143 imposes on carriers, such as Verizon, that are not experiencing wholesale service quality
144 issues.

145 Verizon strongly opposes Staff's proposed tariffing requirement. Verizon's proposal for
146 periodic submissions to Staff is less burdensome to carriers such as Verizon that are
147 providing quality wholesale service. Furthermore, Verizon's proposal specifically
148 maintains the Commissions right to investigate a plan if problems arise. However, if the
149 Commission adopts a tariffing requirement for Level 1 carriers, then Staff's proposed
150 waiver section should include a provision that specifically allows carriers that are not
151 experiencing wholesale service quality issues to obtain a waiver from the tariffing
152 requirement. Accordingly, Staff's Section 731.220 should be amended as follows:

153 C. Waiver of Filing Requirements

154 1) Requests for waivers from these filing requirements and the
155 tariff requirements set forth in Section 731.200 shall be

156 filed with the Commission at least 60 days prior to the
157 filing date set forth in Section 731.200(a) the filing of new
158 tariffs for which the waiver would be effective, if granted.
159 Requests for waivers will be acted on by the Manager of
160 the Hearing Examiners Division or her appointed
161 representative (Hearing Examiner) and will be in writing.

162 2) A request for waiver of any of the provisions of these filing
163 requirements shall be in writing, verified, and must set
164 forth the specific reasons in support of the request. The
165 Commission shall grant the request for a waiver upon good
166 cause shown by the carrier. In determining whether good
167 cause has been shown for waiver of tariff requirements, the
168 Commission shall consider, among other things:

169 A) whether the level 1 carrier is providing adequate
170 wholesale service;

171 B) whether the Commission has received any
172 complaints regarding the level 1 carrier's wholesale
173 service;

174 In determining whether good cause has been shown for
175 waiver of filing requirements only, the Commission shall
176 consider, among other things

177 A) whether other information, which the carrier would
178 provide if the waiver is granted, permits the
179 Commission Staff to review the filing in a complete
180 and timely manner;

181 B) the degree to which the information which is the
182 subject of the waiver request is maintained by the
183 utility in the ordinary course of business or
184 available to it from the information which it
185 maintains;

186 C) the expense to the utility in providing the
187 information, which is the subject of the waiver
188 request.

189 Such a waiver provision would make sense because it would not unnecessarily impose
190 burdensome tariffing requirements on Level 1 carriers with good wholesale service

quality. Further, Level 1 carriers, such as Verizon, would have a strong incentive to maintain their service quality at high levels in order to avoid the extensive tariff and filing requirements set forth in Staff's proposed rule.

Q. Are there other more reasonable alternatives to tariffing?

A. Yes. As set forth in the testimony of Verizon witness Louis Agro, the rule can also require Level 1 carriers to incorporate the incentive plan by reference into their future interconnection agreements. Under such provision, the incentive plan would be subject to review each time an interconnection agreement is filed with the Commission. This provision would also benefit CLECs because they would have the ability to raise potential issues that they may have with provisions of the incentive plan in the negotiation and arbitration process.

I further note that this alternative is reasonable because issues relating to measures and standards are normally addressed during interconnection negotiations. ^{Indeed, while I}
~~am not a lawyer, it is my understanding that the tariffing of these standards may be inconsistent with the Federal Telecommunications Act of 1996, 47 U.S.C. Sec. 151 et seq., in that Congress mandated that an entrant's access to an incumbent's existing network be achieved only through a detailed framework of private negotiations followed by individualized state arbitrations.~~ Unlike the private negotiation and arbitration system created by Congress, tariffs have a general application.

Q. Are there other specific items in the rule requiring further clarification?

A. Yes. Under Section 731.105 Definitions, Change Management is defined as, "...the series of processes and procedures negotiated between two or more parties which detail the guidelines by which operations support system (OSS) changes are requested and

214 made and for which notice is provided to the users of the OSS.” On line 194 of Staff
215 Witness McClerren’s testimony, he states that Change Management “...is required to
216 understand the manner in which changes to wholesale service quality plans are requested
217 or communicated.” Also, Staff Witness Stewart, starting on line 204 of her testimony,
218 similarly seems to be relating notification of changes to performance measures plan to the
219 “Change Management” process.

220 At a minimum, there needs to be a clear understanding that “Change Management” as
221 defined in the rule and used across the industry, is the process in which OSS system
222 changes are managed and notification is given to the users of OSS. Verizon has such a
223 process in place today in Illinois. This is not synonymous with changes to a
224 measurement plan.

225 **Q. What changes do you propose to Staff’s proposed definition of “Carrier to Carrier**
226 **Wholesale Service Quality?”**

227 **A.** I propose that Staff’s proposed definition of “Carrier to Carrier Wholesale Service
228 Quality” be modified as follows:

229 “Carrier to carrier wholesale service quality” means the level of
230 quality of basic local exchange telecommunications services,
231 measured pursuant to the Standards and Measures adopted in this
232 Part, that one telecommunications carrier sells or provides to
233 another telecommunications carrier for ultimate resale or
234 repackaging and sale for the latter carrier’s use in providing a
235 telecommunications service to end users.

236 This amendment is necessary to clarify Staff’s definition. Although I am not an attorney,
237 as a layperson, I note that the underlying statute that gives rise to this rule in Section 13-
238 712 of the Act is entitled “Basic local exchange service quality; customer credits.” Aside
239 from its explicit title, subsections (a) through (f) specifically addresses the provision of

local exchange service. Accordingly, I believe that the scope of this proceeding is limited to established standards for wholesale services that correspond to basic local exchange services. Special access services and services provided to wireless carriers should not be subject to this rule. Adoption of my amendments to Staff's definition will eliminate the possibility of any confusion as to the scope of this rulemaking.

Q. Does Staff's proposed definition of "Carrier to Carrier Wholesale Service Quality" raise jurisdictional concerns?

Yes. Special access is primarily an interstate service that should not be addressed in this rulemaking. Special access is an access service and, therefore, not a wholesale service under Section 13-712(g). As the Commission is aware, the Federal Communications Commission ("FCC") has issued a Notice of Proposed Rulemaking addressing special access services. As such, inclusion of special access in this rulemaking could cause a conflict with the federal proceeding. I note that AT&T stated in its recent Petition for Rulemaking filed with the FCC, special access problems are "uniquely" the responsibility of the FCC. (AT&T Petition for Rulemaking, filed October 30, 2001, p. 2).

Q. What changes do you propose to Staff's proposed definition "Wholesale Special Access?"

A. For reasons set forth in my previous answer, the definition of "Wholesale Special Access" should be removed from the rule. As I state above, special access is primarily an interstate service and the Commission should defer the imposition of any such standards to the FCC.

Q. Please summarize Verizon's overall position to the proposed rule as sponsored by Staff.

263 A. Verizon is providing quality wholesale service. Verizon's existing plan was developed
264 with input from participating CLECs and the Commission has deemed the plan
265 acceptable. Staff's proposed rule is administratively burdensome and unnecessary. A
266 better alternative would be to require Level 1 carriers to submit their plans to Staff
267 periodically and whenever amendments are made to the plan. Verizon's proposal
268 maintains Commission oversight of the plans, while at the same time avoiding the
269 significant burdens associated with tariffing of the plans.

270 Furthermore, the proposed rule should not address special access. For reasons stated
271 above, this rule should be limited to the scope of this proceeding, which is to establish
272 standards for wholesale services that correspond to basic local exchange services,
273 consistent with the title of Section 13-712 of the Act—"Basic local exchange service
274 quality; customer credits."

275 Q. Does that conclude your testimony?

276 A. Yes.

August 31, 2001

Ms. Magalie Roman Salas
Office of the Secretary
Federal Communications Commission
445 12th Street SW
Room TW-B204
Washington DC 20554

**Re: Verizon Request to Eliminate Illinois Reporting Requirements from the
Federal Carrier-to-Carrier Performance Assurance Plan
(CC Docket No. 98-184)**

Dear Secretary Salas:

On August 1, 2001, the Commission released a Public Notice¹ in the above-captioned matter. The Commission specifically sought comment on a Verizon proposal requesting that Illinois, Ohio and Pennsylvania be removed from the federal Carrier-to-Carrier Performance Plan ("Plan"). In response to the Public Notice and in accordance with Section 1.51(c) of the Commission's rules, 47 C.F.R. §1.51(c), the Illinois Commerce Commission ("ICC") submits its Initial Comments for inclusion in the public record.

The *Bell Atlantic/GTE Merger Order* required Verizon Communications, Inc. ("Verizon") to report certain performance measurements designed to help the Commission and the public to assess Verizon's progress in opening its local network to competition.² These measurements cover elements of Verizon's operations and operations support systems that are integral to providing service to competitive local exchange carriers, including pre-ordering, ordering, provisioning, maintenance and repair, network performance, and billing functions.

The Commission's Merger Order further deemed the Carrier-to-Carrier Performance Plan effective in each state until the earlier of: (i) 36 months after Verizon's obligation to make payments starts; (ii) the date on which Verizon receives section 271 authority in a particular state; or (iii) the effective date of a comprehensive performance plan adopted by a state commission.³

¹ *Common Carrier Bureau Seeks Comment on Proposed Change to Verizon's Merger Performance Plan*, CC Docket No. 98-184, Public Notice, DA 01-1790 (August 01, 2001)("Public Notice").

² Applications of GTE Corporation, Transferor, and Bell Atlantic Corporation, Transferee, For Consent to Transfer Control of Domestic and International Sections 214 and 310 Authorizations and Application to Transfer Control of a Submarine Cable Landing License, CC Docket No. 98-184, *Memorandum Opinion and Order*, 15 FCC Rcd 14032, Appendix D, Attachment A (2000) ("*Bell Atlantic/GTE Merger Order*" or "*Merger Order*").

³ See, *Bell Atlantic/GTE Merger Order* at Appendix D, ¶ 17.

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In two separate filings made with the Commission on July 17 and 19, 2001, Verizon has requested the Commission's approval to remove Illinois from the federal Carrier-to-Carrier Performance Plan.⁴ According to Verizon, the Commission should not require Verizon to report performance data to the Commission nor make voluntary payments to the United States Treasury for its performance in Illinois because the ICC has adopted a performance reporting plan that is comprehensive.

Under the merger conditions imposed by the Commission, the Chief of the Common Carrier Bureau shall determine whether a state-approved performance reporting requirement is "comprehensive" for purposes of the *Bell Atlantic/GTE Merger Order*. Specifically, the Commission noted as follows:

The Common Carrier Bureau Chief shall determine whether a state-approved performance reporting and enforcement mechanism is "comprehensive" for the purpose of this Section. A state-approved mechanism may be determined not to be "comprehensive" if, for example, it omits a particular measurement or category of measurements deemed important by the Common Carrier Bureau Chief. The Common Carrier Bureau Chief may decide to retain part of the reporting and penalty obligations associated with these Merger Conditions where a state-approved mechanism is determined not to be comprehensive.⁵

The ICC believes the Performance and Remedy Plan adopted for Verizon in Illinois is comprehensive and, therefore, supports Verizon's request in this proceeding. The ICC entered an order approving the merger between Bell Atlantic and GTE on October 29, 1999.⁶ Condition 2 of the ICC's Order directed Verizon to enter into a collaborative process with the Commission and CLECs for purposes of tailoring Verizon's proposed OSS measurement, reporting and incentive plan to Illinois' needs.⁷ The plan eventually adopted at the conclusion of the collaborative process in Illinois was based on California Public Utilities Commission's performance plan, similar to the Commission's carrier-to-carrier performance plan for former GTE service areas.⁸ The Performance plan adopted in Illinois is uniquely tailored to provide information on Verizon's progress in opening its local network to competition. The reporting requirements eventually adopted represent efficient enhancements to those under the California plan and create sufficient financial incentives for Verizon to provide a higher level of performance in Illinois.

⁴ See, Letters from Dee May, Executive Director, Federal Regulatory, Verizon, to Dorothy Attwood, Chief, Common Carrier Bureau, Federal Communications Commission (July 17 and 19, 2001). In addition to Illinois, Verizon also requested that Ohio and Pennsylvania be removed from the Plan. The ICC's comments, however, are limited to Verizon's request as it pertains to Illinois.

⁵ See, *Bell Atlantic/GTE Merger Order* at Appendix D, at 33, ¶17, n.60.

⁶ Order, *GTE Corporation and Bell Atlantic Corporation, Joint Application for the Approval of a Corporate Reorganization Involving a Merger of GTE Corporation and Bell Atlantic Corporation*, ICC Docket No. 98-0866, r (Oct. 29, 1999) ("ICC Merger Order").

⁷ See, *ICC Merger Order* at 43.

⁸ See, the ICC's BA/GTE Merger Condition #2 website at <http://www.icc.state.il.us/icc/tc/bg.asp>.

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For all the aforementioned reasons, the ICC respectfully requests that the Commission rule on the Public Notice in accordance with the Illinois Commerce Commission's aforesated recommendations.

Sincerely,

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